

# Motivation and retention of outsourced employees

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**ABSTRACT:** A food service supplier is experiencing that, in their distribution centres, within 30 days, an average of 48% of the outsourced employees resign, which impacts profitability, productivity and service quality. This study investigates which factors of the Herzberg two-factor motivation theory contribute to the retention of outsourced employees of a food service supplier and whether there is a difference between eastern or southern European employees. A total of 299 outsourced employees of the food service suppliers at four out of nine distribution centres filled out a 15-item survey, including questions on the various aspects of the Herzberg motivation theory, and their intention to stay with the company. Results show that extrinsic motivation factors play a more significant role in the retention of outsourced employees in comparison to the intrinsic factors. Extrinsic factors significantly correlated with retention are policies and administration, work conditions, supervision and interpersonal relations. Intrinsic factors significantly correlated with retention are advancement, the work itself and achievement. No significant relationship was found between the salary factor and employee retention. Although results showed that southern Europeans tend to stay longer with the company in comparison to eastern Europeans, no significant differences were observed regarding the impact of motivation and hygiene factors between the two sub-groups. To enhance retention, the food service supplier is advised to provide sufficient growth and development opportunities, assign important responsibilities and acknowledge accomplishments. Furthermore, the company must assess, track and oversee all relevant extrinsic and intrinsic motivation factors to connect the outsourced employees with the company for a longer term.

**KEYWORDS:** employee retention, extrinsic hygiene factors, Herzberg two-factor theory, intrinsic motivation factors

## Introduction

### Context and rationale for the study

This study focuses on a family-owned food service supplier that is a key player in the hospitality industry in Belgium and The Netherlands. The food service supplier is divided into two parts: shops and distribution centres. This study will mainly focus on the distribution centres.

The outsourced employees working at the distribution centres of the food service supplier tend to leave their jobs within 30 working days. This is significantly lower than the national average of 151 days for outsourced employees (ABU, 2019). A low retention rate may have an impact on the profitability, productivity and service quality that the food service supplier can offer (Roopavathi & Kishore, 2020; Noranee et al., 2021; Sepahvand & Khodashahri, 2021).

Finding the drivers of motivation and retention for outsourced employees is the rationale for this study. The purpose of this study is to add to the body of knowledge regarding the motivation and retention of outsourced employees in general and those of food service suppliers in particular.

### Literature review

#### Retention

According to research by Das and Baruah (2013), motivating

staff members to stay with the company for a longer amount of time can be seen as employee retention. Furthermore, Punia and Sharma (2008) argue that a high retention rate may cause a company to lose knowledge, experience and "corporate memory". Additionally, considering the high costs linked to employee turnover, keeping people on board and minimising employee turnover are essential objectives for companies.

The study by Roopavathi and Kishore (2020) suggests that offering motivational tools, such as bonuses, can encourage employees to stay with a company. However, it is essential to note that financial incentives are not the only factors that motivate employees to stay. Naluyele (2011) and Zwilling (2012) suggest that non-monetary motivators may be more effective in the long run.

Additionally, Drogomyretska (2014) argues that employees in an organisation have diverse needs, which makes it crucial for companies to identify and recognise their employees' personal needs to enhance retention. The study by Ford and Sturman (2020) suggests that the company's challenge is discovering what needs and rewards fit each employee's motivation requirements. Additionally, Putra et al. (2017) suggest that identifying the needs of employees will increase motivation, but it is essential to choose the most appropriate motivational tool. Furthermore, the lack of growth and development is highlighted as the most discussed cause of a high staff turnover rate globally (Ghani et al., 2022).

In conclusion, it can be stated that employee motivation significantly impacts employee retention (Shah & Asad, 2018). This claim is supported by the research of Haider et al. (2015), which shows that if employees are motivated and satisfied, this will increase employee retention rates.

#### *Motivation*

The study by Wegner (2011) indicated that employee motivation is the daily enthusiasm, energy level, commitment, and creativity that an employee brings to the organisation. Additionally, Robbins and Judge (2013) suggest that motivation means being willing to work hard for the organization's goals if it also helps meet personal needs.

Furthermore, Sepahvand & Khodashahri (2021) highlighted in their study how important motivation is to employee satisfaction and retention. According to Wall and Stephenson (1970), motivation is an important consideration for firms since it can catalyse success. Moreover, Roophavathi and Kishore (2020) noted in their study that companies need to understand how important it is to retain employees. Additionally, employee motivation must be seen as a long-term investment that will benefit a company (Frățiciu, 2020). Various studies reflect a clear relationship between employee motivation and retention (Chadee & Raman, 2012; Haider et al., 2015; Shah & Asad, 2018). However, Terera & Ngirande (2014) argue that management needs to assess which internal and extrinsic motivation factors fit the employees' needs to develop a successful retention strategy to increase motivation.

#### *Herzberg's two-factor motivation theory*

The Herzberg two-factor theory is identified as the most significant among other motivation theories by Özsoy (2019), which is supported by Fareed & Jan (2016) and Sobaih and Hasanein (2020). The theory explains employee satisfaction and dissatisfaction, and enables companies to effectively maintain high levels of employee motivation. Another positive point of Herzberg's two-factor theory compared to other motivation theories is that Herzberg provides a structure of intrinsic and extrinsic motivation factors (Drogomyretska, 2014). Additionally, Stello (2011) confirms that they tested different motivation theories, and the conclusion that could be drawn is that Herzberg's theory stands the test of time and has proven its value. However, the studies by Chitris (1988) and Hyun and Oh (2011) argued that Herzberg's theory needs to be re-examined in every organisation to find out which factors fit the needs of the employees.

The first factor of this two-factor theory is associated with the need for personal growth or self-actualization and is known as the motivation factor. Motivation factors include achievement, recognition, work itself, responsibility, advancement, and the possibility for growth (Herzberg et al., 1959). The other factor is related to the need to avoid unpleasantness, and is known as the hygiene factor, and includes company policies and administration, supervision, interpersonal relations, working conditions, and salary (Herzberg et al., 1959). According to Herzberg et al. (1959), intrinsic motivation factors (also called job satisfiers) are mainly job elements that can lead to satisfaction. Extrinsic hygiene factors (also called job dissatisfiers) can be the elements of a work environment.

#### *Intrinsic or motivating factors*

Herzberg et al. (1959) define motivating factors as intrinsic to the job. This is similar to Wall and Stephenson's (1970) conclusions that intrinsic motivation factors are essential to the performance of the work and can be summarised as advancement, the possibility of growth, the work itself, responsibility, recognition and achievement. Furthermore, Putra et al. (2017) claim that intrinsic motivation comes from inside an individual.

The study by Kotni & Karumuri (2018) argues that the first step a company needs to take is to measure which factors in Herzberg's theory play a role in motivation. The second step is that the company needs to design a motivational programme to concentrate on the factors that play a role in motivation. This finding is in line with the research by Dartey-Baah & Amoako (2011), who claimed that to motivate and satisfy employees, the company needs to discover which of these factors suit the needs of their employees to develop a successful motivational strategy to improve retention. However, the study by Özsoy (2019) reveals that Herzberg's two-factor theory should be tested in different sub-groups.

Recognition by the company of the motivation factors that suit the employees' needs is an essential tool for achieving retention (Ruru, 2016). In addition, Khanna's (2017) study found that to retain employees, a company must know what motivates the employees to stay with the organisation for an extended period of time.

#### *Extrinsic or hygiene factors*

An extrinsic hygiene factor is a motivation derived from outside an individual (Herzberg et al., 1959; Putra et al., 2017). The hygiene factors include salary, policies and administration, work conditions, interpersonal relationships and supervision (Herzberg et al., 1959).

Ramdhani and Bakri (2020) and Darthey-Baah & Amoako (2011) found that a company could create a comfortable working environment for all employees by applying Herzberg's two-factor theory to the needs of their employees. This claim is supported by Khanna (2017), who reveals that an effective retention strategy determines which intrinsic or extrinsic factors play a role in the employees' motivation recognition to ensure that they stay with the company for extended periods.

#### *Demographics factors or sub-groups*

Ruru (2016) argued that permanent employees have a direct work agreement with a company, which is different from outsourced employees. Outsourced employees work for a company during a set time and are contracted by a third party. If an employee with the status of an outsourced employee makes a mistake, the working relationship can be terminated. This claim is supported by Pranita's (2017) findings that outsourced employees are in a weaker position because of the temporary working contract with a company. Additionally, a study of Aslami et al. (2018) argues that job insecurity can affect the motivation of outsourced employees because they feel insecure about their work status. Furthermore, Lundberg (2009) suggested that for outsourced employees, extrinsic hygiene factors hold greater relevance for motivation, particularly due to their geographical distance from friends and family.

Lundberg et al. (2009) further argued that the management of a business needs to consider that outsourced employees can consist of different sub-groups; all these groups could

have different needs. However, Aslami et al. (2018) argue that how well employees perform in both individual and group settings to complete tasks may be a good indicator of their performance. According to the study by Carton and Cummings (2013), a sub-group can be described as a small group formed within a larger group. The group is formed based on similar characteristics and geographical backgrounds. In addition, Gokce (2010) argue that the Herzberg theory must be tested on different cultures, occupational groups, personalities and countries. Country differences can affect not only the cultural context, but also the motivation of employees according to the country's economic development level (Özsoy, 2019). It is more difficult to find jobs in countries with low economic development. Therefore, people's motivations can also differ from those in underdeveloped and developing countries (Gokce, 2010). According to Maslow's (1959) motivation theory, financial factors motivate low-income people. There can also be a difference in the cultural values and beliefs of the employees, which can affect the levels of motivation, even if they are under the same conditions (Özsoy, 2019). Different studies (Lundberg et al., 2009; Ruru, 2016; Parashakti et al., 2017) argued that to increase employee motivation, the company should pay more attention to which motivational factors fit the needs of their employees. This finding can be an effective tool to retain employees for extended periods of time.

**Conceptual model**

The conceptual model in Figure 1 summarizes the direct and indirect effect of Intrinsic Motivation factors and Extrinsic Hygiene factors on retention. Furthermore, a comparison is made between subgroups based on nationality.

**Problem statement and research questions**

The problem statement is formulated as follows: Which factors of the Herzberg two-factor theory contribute to the motivation and retention of outsourced employees, and is there a difference in their impact between sub-groups?

To address the problem statement, the following research questions were formulated:

- How do the employees and sub-groups score on the intrinsic motivation factors?;

- How do the employees and sub-groups score on the extrinsic hygiene factors?;
- What is the intention to stay or leave for the employees?;
- Is there a difference in intrinsic motivation factors between sub-groups?;
- Is there a difference in extrinsic hygiene factors between sub-groups?;
- What is the effect of intrinsic motivation factors on retention?;
- What is the effect of extrinsic hygiene factors on retention?;
- Is there a difference in the impact of intrinsic motivation factors on retention between sub-groups?;
- Is there a difference in the impact of extrinsic motivation factors on retention between sub-groups?

**Method**

**Type of research**

In this study, an explanatory quantitative survey approach was used, with the objective of determining the relative impact of intrinsic and extrinsic factors on the motivation and retention of sub-groups of outsourced employees.

**Sampling**

The data was gathered from a random sample of outsourced employees of a food service supplier (Table 1). Four out of nine possible distribution centres were selected for this study. The motivation for the selection of these distribution centres is their geographical spread across The Netherlands.

Nationality was used to create eastern and southern European sub-groups. The motivation for creating and comparing the sub-groups was because of a sensitivity to cultural differences (Lundberg et al, 2009; Carton & Cummings, 2013). Moreover, it was indicated in an interview with the managers of the employment agencies that a possible difference might occur in the needs of the eastern or southern European employees.

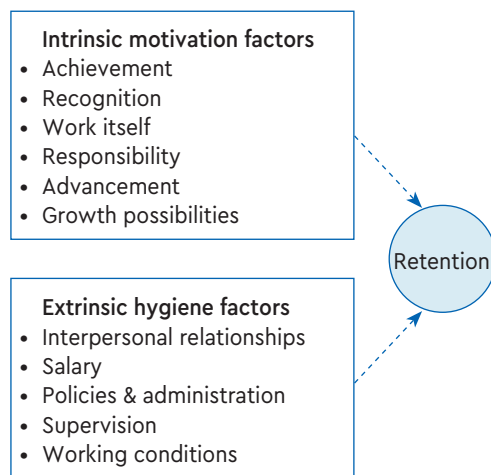


FIGURE 1: Conceptual framework

TABLE 1: Sample characteristics (N = 299)

Location	Frequency	Per cent
Deventer	44	14.7
Breda	44	14.7
Amsterdam	66	22.1
Veghel Doornhoek	44	14.7
Veghel Dievers	42	14.0
Veghel Corridor	59	19.7
Shifts		
Day	189	63.2
Evening	64	21.4
Night	46	15.4
Country		
Poland	87	29.1
Roemenia	34	11.4
Bulgaria	12	4.0
Estland	1	0.3
Spain	29	9.7
Italy	3	1.0
Portugal	24	8.0
Other	109	36.5
Total	299	100

A stratified sampling method was adopted in this study, by dividing the population into sub-groups, known as strata, based on shared characteristics. A total of 330 respondents were contacted, of which 299 responded, and this allowed for further analysis. For details on the sample characteristics, see Table 1.

Most respondents were located in Veghel, working a day shift (63.2%), and originating from different countries, with 44.8% from eastern Europe, 18.7% from southern Europe, and 36.5% from other countries.

#### Instrumentation

To uncover the strength of the relationships between the intrinsic and extrinsic factors of the Herzberg two-factor theory on the one hand and retention on the other, the survey questions asked respondents to indicate whether they strongly agreed, somewhat agreed, agreed, disagreed, somewhat disagreed or strongly disagreed with the statements. The study by Chomeya (2010) indicates that a Likert scale with six points often provides better discrimination and reliability scores compared to a five-point Likert scale. This is the rationale for choosing the six-point scale in this study.

#### Data collection procedure

One of the researchers visited each of the four selected distribution centres in person to collect data during the day, evening and night shifts.

#### Planned data analysis

We used SPSS (IBM, version 27) for analysing the data and results because it helps to derive conclusions and find the relation between Herzberg's intrinsic and extrinsic factors and retention, and to test for differences between sub-groups. A moderated regression analysis was conducted in this study to assess the strength of the association between the independent variables

(intrinsic motivation factors and extrinsic hygiene factors) and the dependent variable (retention), with the sub-groups as the moderating variable.

## Results

In this section, the research questions are answered using several statistical techniques. Firstly, descriptive statistics are reported for all motivation factors of the Herzberg two-factor theory. The means and standard deviations for all items and the reliability of the different scales were calculated with Cronbach's alpha. Secondly, to test the relationship between the motivation factors and retention, correlation and regression analyses were conducted. Finally, a moderated regression analysis was performed to test for differences in the impact of the intrinsic and extrinsic factors on retention between eastern and southern European employees.

#### Descriptive statistics

As shown in Table 2, the internal factors with the highest mean score are Advancement ( $M = 3.20$ ) and Growth ( $M = 2.99$ ).

When testing for differences between the mean scores on the intrinsic factors, no significant differences occurred between the three sub-groups.

As shown in Table 3, the external factors with the highest mean score are salary ( $M = 3.30$ ) and administration ( $M = 2.69$ ). When testing for differences between the mean scores on the extrinsic hygiene factors, no significant differences were detected among the three sub-groups.

Concerning retention, the sub-group southern ( $M = 3.46$ ;  $SD = 0.76$ ) scores significantly higher than the sub-groups eastern ( $M = 3.10$ ;  $SD = 0.98$ ) and other ( $M = 3.09$ ;  $SD = 0.69$ ). A higher mean indicates a lower inclination to leave, which means the southern Europeans have less intention to leave the company.

TABLE 2: Descriptives for internal factors

Sub-group		Achievement	Recognition	Work itself	Responsibility	Advancement	Growth
Eastern Europe ( $n = 134$ )	Mean	2.46	2.64	2.79	2.58	3.28	3.08
	SD	1.03	1.43	1.13	1.07	1.27	1.32
Southern Europe ( $n = 56$ )	Mean	2.25	2.60	2.84	2.73	3.45	3.02
	SD	0.78	1.23	0.97	0.87	1.17	1.09
Other ( $n = 109$ )	Mean	2.21	2.29	2.67	2.59	2.99	2.87
	SD	0.87	0.91	0.97	0.80	1.12	1.06
Total ( $N = 299$ )	Mean	2.33	2.51	2.76	2.61	3.20	2.99
	SD	0.94	1.24	1.04	0.94	1.21	1.19
Cronbach's alpha		0.858 (5 items)	0.870 (3 items)	0.818 (5 items)	0.766 (5 items)	0.738 (3 items)	0.938 (8 items)

TABLE 3: Descriptives for external factors

Sub-group		Interpersonal	Salary	Administration	Supervision	Working conditions
Eastern Europe ( $n = 134$ )	Mean	2.33	3.34	2.75	2.24	2.57
	SD	1.07	1.19	1.11	1.19	1.05
Southern Europe ( $n = 56$ )	Mean	2.37	3.44	2.84	2.29	2.59
	SD	0.85	1.09	0.86	1.02	0.89
Other ( $n = 109$ )	Mean	2.10	3.19	2.54	1.98	2.32
	SD	0.86	1.23	0.94	0.85	0.89
Total ( $n = 299$ )	Mean	2.25	3.30	2.69	2.16	2.48
	SD	0.96	1.19	1.01	1.05	0.97
Cronbach's alpha		0.762 (4 items)	0.819 (4 items)	0.936 (12 items)	0.892 (5 items)	0.878 (8 items)

**Correlation analysis**

As shown in Table 4, all internal motivation factors are significantly correlated with the strongest correlation between Advancement and Growth ( $r = 0.770$ ). The internal factor most strongly correlated with retention is Achievement ( $r = 0.528$ ).

As shown in Table 5, all external hygiene factors are significantly correlated with the strongest correlation between Supervision and Working conditions ( $r = 0.707$ ). The external factor most strongly correlated with retention is Administration ( $r = 0.523$ ).

**Multiple regression analysis**

Regression analysis is used to determine to what extent the dependent variable (retention) can be predicted by the two sets of independent variables: the intrinsic motivation factors, and the extrinsic hygiene factors.

**Impact of intrinsic motivation factors on retention**

Table 6 indicates that three of the intrinsic motivation factors, namely achievement, work itself and advancement, have a significant impact on retention. The model has a significant fit with the data ( $F_{(6, 292)} = 25.635$ ;  $p < 0.001$ ) and accounts for 34% of the total variance observed in retention.

**Impact of extrinsic hygiene factors on retention**

Table 7 indicates that four of the extrinsic hygiene factors, namely interpersonal relationships, administration, supervision and working conditions, have a significant impact on retention. The model demonstrates a significant fit with the data ( $F_{(5, 293)} = 28.718$ ;  $p < 0.001$ ) and accounts for 33% of the total variance in retention.

**Moderated regression analysis**

To test for differences in the impact of the intrinsic and extrinsic factors on retention between eastern and southern European employees, a moderated regression analysis was performed.

**Impact of intrinsic factors on retention between sub-groups**

This analysis aims to determine whether there is a difference in the regression of retention on intrinsic motivation factors between sub-groups.

Figure 2 shows a scatterplot of retention by intrinsic factors by sub-group (solid line (triangles) = southern; dotted line (circles) = eastern).

When comparing the regression model without moderator with the moderated model, the change in  $R^2$  was not significant ( $F$ -change  $_{(1, 186)} = 0.111$ ;  $p = 0.739$ ), indicating no difference in the impact of intrinsic motivation factors on retention between eastern and southern European employees (Figure 2).

TABLE 4: Correlations between internal factors and retention

	Achievement	Recognition	Work itself	Responsibility	Advancement
Recognition	0.654**				
Work itself	0.628**	0.517**			
Responsibility	0.560**	0.533**	0.711**		
Advancement	0.587**	0.535**	0.621**	0.622**	
Growth	0.616**	0.547**	0.661**	0.648**	0.770**
Retention	0.528**	0.415**	0.490**	0.442**	0.487**

\*\*Correlation is significant at the 0.01 level (2-tailed)

TABLE 5: Correlations between external hygiene factors and retention

	Interpersonal	Salary	Administration	Supervision	Working conditions
Salary	0.361**				
Administration	0.615**	0.528**			
Supervision	0.542**	0.395**	0.679**		
Working conditions	0.563**	0.513**	0.652**	0.707**	
Retention	0.289**	0.332**	0.523**	0.483**	0.480**

\*\*Correlation is significant at the 0.01 level (2-tailed)

TABLE 6: Regression of intrinsic factors on retention

	B	Beta	t	Sig.
(Constant)	1.66		12.49	0.000
Achievement	0.26	0.28	3.93	<0.001
Recognition	0.02	0.03	0.49	0.624
Work itself	0.13	0.16	2.08	0.039
Responsibility	0.05	0.05	0.72	0.471
Advancement	0.14	0.20	2.60	0.010
Growth	-0.03	-0.04	-0.498	0.619

TABLE 7: Regression of extrinsic factors on retention

	B	Beta	t	Sig.
(Constant)	1.86		13.37	0.00
Interpersonal	-0.12	-0.14	-2.20	0.03
Salary	0.02	0.03	0.53	0.59
Administration	0.30	0.35	4.58	0.00
Supervision	0.14	0.17	2.31	0.02
Working conditions	0.17	0.19	2.53	0.01

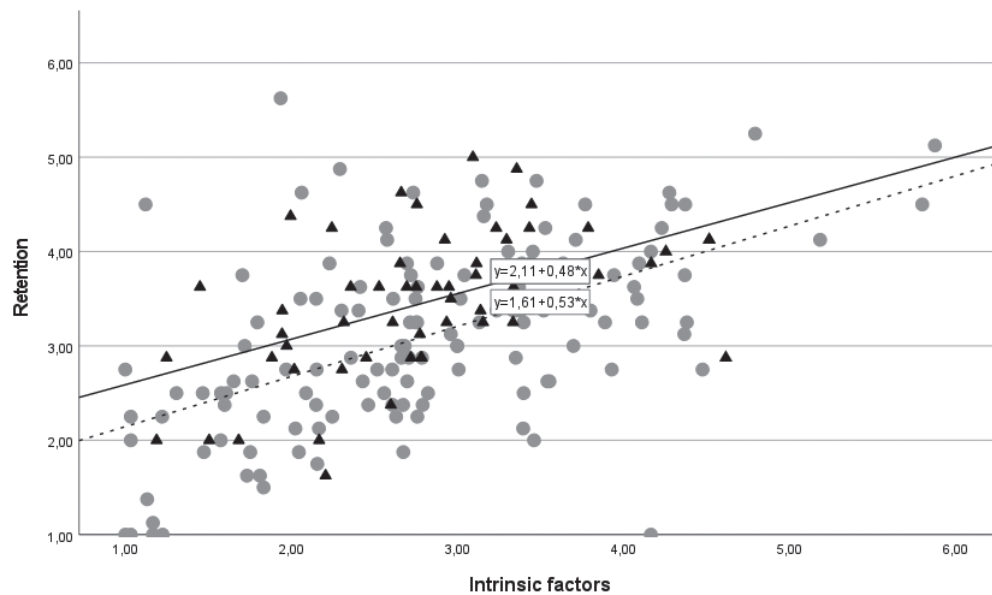


FIGURE 2: Scatterplot of retention by intrinsic factors by subgroup (solid line & triangles = southern Europe; dotted line & circles = eastern Europe)

#### *Impact of extrinsic factors on retention between sub-groups*

This analysis aims to determine a difference in the impact of the extrinsic hygiene factors of the Herzberg two-factor theory on retention between sub-groups.

Figure 3 shows a scatterplot of retention by extrinsic factors by sub-group. When comparing the regression model without moderator with the moderated model, the change in  $R^2$  was not significant ( $F$ -change<sub>(1, 186)</sub> = 0.282;  $p$  = 0.596), indicating no difference in the impact of extrinsic motivation factors on retention between eastern and southern European employees (Figure 3).

#### Discussion and conclusions

##### *How do the employees and sub-groups score on the intrinsic motivation factors?*

The findings in this study suggest that outsourced employees are more strongly affected by extrinsic hygiene factors than by intrinsic motivation factors. This finding aligns with the study of Lundberg et al. (2009) which revealed that for outsourced employees the intrinsic factors are less vital. The reason for this could be that, according to the studies by Pranita (2017) and Aslami et al. (2018), outsourced employees have less engagement

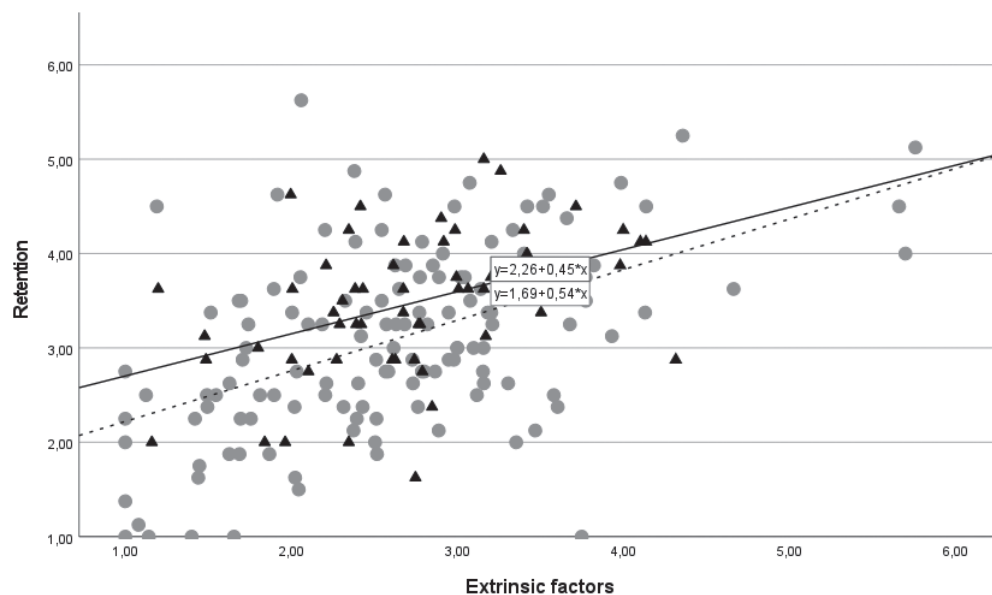


FIGURE 3: Scatterplot of retention by extrinsic factors by subgroup (solid line & triangles = southern Europe; dotted line & circles = eastern Europe)

and commitment to their employers. The temporary working contract could be the reason for this. Or, according to Lundberg et al. (2009), interpersonal relationships emerge as a central factor in motivating outsourced employees, largely owing to their geographical separation from friends and family.

#### ***How do the employees and sub-groups score on the extrinsic hygiene factors?***

The results of this study indicate that the four aspects of extrinsic motivation that are positively associated with employee retention are policies and administration, work conditions, interpersonal relationships, and supervision. Surprisingly, the salary factor does not show a significant correlation with employee retention, suggesting that claims in the literature about the effectiveness of financial bonuses in promoting employee retention can be dismissed (Ruru, 2016). Furthermore, the findings by Weibel et al. (2007) also showed that financial rewards had a positive impact on individuals with low intrinsic motivation but, on the other hand, harmed individuals with high intrinsic motivation. Therefore, before the food service supplier starts paying higher salaries, it is important to measure whether this will have a positive effect on retention.

#### ***What is the intention to stay or leave for the employees?***

The literature strongly emphasises the importance of employee retention for organisational success, highlighting it as a significant driver of achievement. Additionally, the research by Maphara and Asad (2018) and Sepahvand & Khodashahri, (2021) demonstrates that retaining and motivating talented employees brings numerous benefits to a company. Roopavathi and Kishore (2020) found that retention requires more than just financial incentives. This is in line with the findings in this study where the outsourced employees preferred career advancement over monetary incentives.

Furthermore, it was found that the eastern Europeans are more likely to leave their job in comparison to the southern Europeans. Consequently, the food service supplier should consider implementing a different approach to motivation and satisfaction depending on nationality.

#### ***Is there a difference in intrinsic motivation factors between sub-groups?***

The findings by Lundberg et al. (2009) suggest that business management should consider that outsourced employees may belong to different working sub-groups, each with unique needs. It is crucial to acknowledge that individual employee differences can result in significant attitude variations, even when working in similar conditions (Robbins & Judge, 2013). Furthermore, the literature (Lundberg et al. 2009; Gokce, 2010; Özsoy, 2019; Carton and Cummings, 2013) suggests that the applicability of Herzberg's theory should be tested across diverse cultures, groups, personalities and countries. This is because variations among countries might not only influence the cultural context, but also impact employee motivation based on the country's level of economic development.

In this study, the researchers divided the respondents into two sub-groups: southern and eastern Europeans. It can be noted that the two sub-groups showed no significant differences in intrinsic motivation factors, which implies that there may be no noticeable disparities in motivation between the two sub-groups. One possible explanation for this could be that the needs of the two sub-groups do not vary.

#### ***Is there a difference in extrinsic hygiene factors between sub-groups?***

According to the literature review, country differences can impact employee motivation, including cultural context and economic development. In addition, the motivation of employees can be influenced by the economic development level of their respective countries, as it can affect job availability (Özsoy, 2019). Furthermore, the study of Gokce, (2010) emphasises that motivation may differ among underdeveloped, developing and more economically advanced countries.

However, the findings in this study did not indicate any differences between the sub-groups and the extrinsic hygiene factors. This is the opposite of the findings in the literature (Lundberg et al., 2009), where it has been identified that outsourced employees can be composed of various working groups, each with distinct needs and requirements. Moreover, it is essential to note that the attitudes of individuals who continue to work in the same or similar work conditions can vary significantly (Robbins & Judge, 2013). Therefore, Özsoy (2019) argued that it is difficult to generalise the theories of motivation.

One possible explanation for not observing any differences between the sub-groups in this study could be that the factors being examined have a comparable level of impact or relevance for both groups. However, the food service supplier needs to consider the specific motivation factors that align with the needs of its employees to enhance employee motivation. In this case, since no differences were recognised, it implies that all outsourced employees can be treated similarly.

#### ***What is the effect of intrinsic motivation factors on retention?***

This study suggests that the factors of achievement, the work itself and advancement strongly affect retention. This suggests that employees might feel there is a lack of support for a culture that encourages achievement, meaningful work, and opportunities for growth.

The achievement factor scored the highest in the descriptives, among all the intrinsic motivation factors, which means that out of all the intrinsic motivation factors being considered, employees rated achievement as the most positive factor.

Furthermore, factors that have a strong relation with retention are advancement and work itself. Employees with opportunities for growth, development and skill acquisition in their work and organisation are more likely to maintain their commitment and engagement. These research findings align with the research by Ghani et al. (2022), which argues that the non-availability of growth and development possibilities is frequently cited as a significant contributor to high staff turnover rates globally.

Understanding and leveraging intrinsic motivation factors can be crucial in fostering a positive work environment. These findings align with the studies conducted by Terera & Ngirande (2014) and Shah and Asad (2018), highlighting the importance of recognising the needs of employees to improve employee retention.

In summary, the research findings emphasise that intrinsic motivation factors strongly related to retention are achievement, work itself and advancement. However, the factors that show a weak relation with retention are the possibility of growth, responsibility and recognition.

### ***What is the effect of extrinsic hygiene factors on retention?***

The findings in this study indicate that four extrinsic hygiene factors — interpersonal relationships, policies, administration, supervision and working conditions (except for salary) — strongly influence employee retention. This is when management demonstrates engagement and establishes positive relationships with employees during their work. Building solid interpersonal connections among the employees contributes to a positive and supportive work environment, which can be a tool for the food service supplier to retain employees for the longer term.

Employees perceiving their working conditions as pleasant leads to increased motivation. This motivation, supported by findings in the literature by Terera & Ngirande (2014) and Shah & Asad (2018), shows a strong relationship with employee retention.

Additionally, several findings in the research conducted by Putra et al. (2017) and Ford and Sturman (2020) suggest that recognising and fulfilling employee needs increases motivation and contributes to employee satisfaction, which leads to improved retention.

In conclusion, extrinsic hygiene factors, such as interpersonal relationships, policies, administration, supervision and working conditions, strongly influence employee retention.

### ***Is there a difference in the impact of intrinsic motivation factors and extrinsic motivation factors on retention between sub-groups?***

There are no remarkable differences in the impact of intrinsic and extrinsic motivation factors on retention between the sub-groups. Lundberg et al. (2009) and Gokce (2010) emphasise the need for companies to consider that outsourced employees can belong to different working sub-groups, each with its own unique needs and requirements.

This study shows a minor difference in background, cultural values and beliefs of the employees between the two sub-groups. This means that the findings in this study conflict with the literature, where it is stated that employees who continue to work in the same or similar work conditions can vary significantly (Gokce, 2010; Aslami et al., 2018; Özsoy, 2019; Carton & Cummings, 2013).

The absence of differences between the two working sub-groups regarding the impact of the intrinsic or extrinsic motivation factors suggests that these factors have a comparable influence on both sub-groups. This similarity in impact could be attributed to various factors such as similar characteristics, demographics, or work environment values shared by the sub-groups. The two sub-groups may also exhibit similar needs and desires, contributing to their comparable responses to these factors.

Based on the findings in this research, it can be concluded that there is a minor discrepancy in the effect of intrinsic or extrinsic motivation factors on retention among the sub-groups, suggesting that employees of the food service supplier have the same needs.

### ***Which factors of the Herzberg two-factor theory contribute to the retention of outsourced employees, and is there a difference in their impact between the working sub-groups?***

Overall, it can be concluded that the intrinsic motivation factors of advancement, work itself and achievement, and the extrinsic hygiene factors of policies and administration, work

conditions, interpersonal relationships and supervision, are highlighted as significant contributors to retention. However, despite the recognition of these factors, no notable differences were observed in their impact among the different working sub-groups (eastern or southern Europeans).

### **Recommendations**

It has been demonstrated in this study that extrinsic hygienic factors play a significant role in the retention of outsourced employees, except for the salary factor, and therefore it is recommended that the food service supplier meet these needs. However, the findings also imply that it is necessary to meet the intrinsic motivation needs for growth (advancement), development (achievement) and the work itself. This suggests that the management of the food service supplier must recognise the work of the outsourced employees, ensure there are enough growth and development opportunities offered, and make sure the work is diverse enough. The outsourced employees' intrinsic motivation will probably increase in such an environment, which will eventually lead to improved retention.

In this study, there was no recognisable difference between two sub-groups. This implies that in this case, both groups have the same needs. However, it is recommended to look closely at whether differences can be found in the needs between the different geographical sub-groups.

This study suggests that the food service supplier provide sufficient growth and development opportunities, assign important responsibilities and acknowledge accomplishments to increase the retention rate. It is also important that the food service supplier takes into account the importance of interpersonal relationships for the welfare of outsourced employees. The recommendation could be to organise a community where the employees live together, and organise team-building activities, meetings and training to strengthen the interpersonal relationships among all the outsourced employees. Carefully measuring, monitoring and managing of the needs of employees will improve the retention of outsourced employees.

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